F I S C A L   I M P A C T   R E P O R T

SPONSOR	Wirth/Candelaria/ Hemphill/Martinez	**ORIGINAL DATE** **LAST UPDATED**	01/25/21 02/15/21	**HB**	
SHORT TITLE	Restaurant Gross Receipt Tax Deduction			**SB**	1/ec/aSFC/aSFl#1
				ANALYST	Iglesias

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY21	**FY22**		
$300.0	*	Nonrecurring	General Fund (to TRD)

(Parenthesis ( ) Indicate Expenditure Decreases)
*Note: $300 thousand appropriation for expenditure in fiscal years 2021 or 2022.

REVENUE (dollars in thousands)

Estimated Revenue					Recurring or Nonrecurring	Fund Affected
FY21	**FY22**	**FY23**	**FY24**	**FY25**		
($109,400.0)	*	-		-	Nonrecurring	**General Fund** (Income Tax Rebate)
($49,800.0)	*	-	-	-	Nonrecurring	**General Fund** (GRT deduction)
($40,500.0)	*	-	-	-	Nonrecurring	**General Fund** (hold harmless payments to local governments)
($40,500.0)	*	-	-	-	Nonrecurring	**Local Governments** (GRT deduction)
$40,500.0	*	-	-	-	Nonrecurring	**Local Governments** (hold harmless distribution)
($199,700.0)	*	**-**	**-**	**-**	**Nonrecurring**	**Total General Fund**
($0.0)	*	**-**	**-**	**-**	**Nonrecurring**	**Total Local Governments**

Parenthesis ( ) indicate revenue decreases
Note: the analysis assumes the full cost of the new income tax credit and GRT deduction will hit FY21; however, due to timing of taxpayer filings, it is possible for some of the cost to instead hit FY22.

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

FY21	FY22	FY23	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
$130.0	-	-	$130.0	Nonrecurring	TRD – ITD Contractual Costs General Fund
$20.0	-	-	$20.0	Nonrecurring	TRD – staff workload, postage General Fund

Parenthesis ( ) indicate expenditure decreases
Relates to the General Appropriation Act of 2021 (HB2)

SOURCES OF INFORMATION
LFC Files

Responses Received From
Taxation and Revenue Department (TRD)

SUMMARY

Synopsis of SFl#1 Amendment

The Senate Floor #1 amendment further amends the bill to include alcoholic beverage establishments (defined as "dispensers", e.g. bars) in the definition of food and beverage establishments eligible for the temporary gross receipts tax deduction, and removes fast-food restaurants from eligibility.

Bars were already included in the fiscal impact, requiring no change to the estimate. The removal of fast-food restaurants from eligibility could reduce the cost of the deduction by $15 million to $20 million. However, as noted in the Fiscal Implications section, the fiscal impact estimate for this bill used gross receipts from November as the base for calculating the impact of the deduction. November gross receipts for these establishments were down 20 percent; however, if there were a recovery such that receipts for the March to June 2021 were flat or down 5 percent from the prior year, this would add $15 million to $25 million to the fiscal impact. Therefore, no change was made to the fiscal impact estimate to account for the removal of fast-food restaurants from eligibility.

Synopsis of SFC Amendment

The Senate Finance Committee amendment to Senate Bill 1 increases the adjusted gross income limit for heads of household, surviving spouses and married filing jointly returns to $39 thousand or less. The amendment keeps in place the $31.2 thousand adjusted gross income limit for single individuals. TRD estimates the impact of this change to bring the total cost of the PIT rebate to $104.9 million (up from the previous $95 million estimate).

The amendment also corrects a technical error wherein Section 3, page 4, line 24, referenced "restaurant or bar" for the GRT deduction; however, line 22 applied the deduction to receipts from a "food and beverage establishment" that is later defined on page 5. The reference on page 4 to "restaurant or bar" on page 4, line 24, was stricken and replaced with "food and beverage establishment" to be consistent.

However, as defined in the bill, "food and beverage establishment" does not appear to include bars. The definition includes craft distilleries, mobile food service establishments (e.g., food trucks), restaurants, small breweries, and wineries. If the intent is to include bars, this would need to be added to the definitions in another amendment.

The amendment adds a temporary provision stating any amount passed on to a customer in lieu of a gross receipts tax on receipts for which a food and beverage establishment may deduct pursuant to Section 3 of this 2021 act shall not be considered gross receipts.

Synopsis of Original Bill

Senate Bill 1 creates a new $600 income tax credit for tax year 2020 for persons with incomes up to $31.2 thousand claiming the working families tax credit. This credit is refundable if the amount of the rebate exceeds the taxpayer's income tax liability. The bill also creates a new gross receipts tax (GRT) deduction for certain food service establishments (craft distillers, food trucks, restaurants, small brewers, and winegrowers) for receipts from food or non-packaged beverages served or offered to-go for four months, which would likely affect receipts from March 1, 2021 through June 30, 2021. The bill includes a "hold-harmless" provision for local governments by creating a distribution to municipalities and counties equal to the amount of lost revenue due to the new GRT deduction.

The bill appropriates $300 thousand from the general fund to the Taxation and Revenue Department (TRD) to administer the income tax rebate and GRT provided by this bill.

This bill contains an emergency clause and would become effective immediately upon signature by the governor.

FISCAL IMPLICATIONS

Estimating the cost of tax expenditures is difficult. Confidentiality requirements surrounding certain taxpayer information create uncertainty, and analysts must frequently interpret third-party data sources. The statutory criteria for a tax expenditure may be ambiguous, further complicating the initial cost estimate of the expenditure's fiscal impact. Once a tax expenditure has been approved, information constraints continue to create challenges in tracking the real costs (and benefits) of tax expenditures.

New PIT Rebate. For the personal income tax (PIT) rebate, the eligible taxpayers are those with an AGI less than or equal to $31.2 thousand and who claim the WFTC. TRD applied these criteria were applied to Tax Year 2019 returns, as TRD assumes these taxpayers will also have tax year 2020 earned income and qualify for the WFTC. Although some taxpayers may file for an extension and not file their 2020 tax returns until FY22, the $95 million impact is estimated to occur entirely in FY21 because taxpayers eligible for this relief file quickly within FY21.

The Covid-19 induced recession has affected individuals working in the service industry, where many jobs are low wage. Based on Opportunity Insights data,[1] as of October 2020, New Mexico individuals with incomes less than $27 thousand have seen a 19 percent reduction in employment rates since January 2020. The $31.2 thousand threshold captures this pool of taxpayers. Additionally, individuals with incomes between $27 thousand and $65 thousand have experienced approximately a 4 percent decrease in employment rates. A proportion of this income range may become eligible for the rebate, but it is difficult to estimate. TRD states the

[1] tracktherecovery.org

fiscal impact is likely minimal compared to the larger magnitude impact for low-wage employment.

New Temporary GRT Deduction for Certain Food Service Establishments. For the months of March 2020 through June 2020, the bill allows a GRT deduction of receipts from the sale of prepared food or non-packaged beverages served or picked up from a craft distillery, mobile food service establishment (e.g. a food truck), restaurant, small brewery, or winery. Using TRD's most recent RP80 report of gross receipts and gross tax by industry from November 2020 as the starting point, LFC staff calculated the total state and local tax paid by these establishments that month was $22.4 million. Using that month as the starting point, LFC staff estimate the loss in state and local tax revenue for a deduction lasting four months to be about $90 million. About $50 million of the total cost would be the lost revenue to the state due to the deduction, and about $40 million of the total would be the lost revenue to local governments.

Risk of Increased Cost of Temporary GRT Deduction. The fiscal impact estimate for this bill uses November 2020 as the base month to calculate cost of the temporary deduction. However, since then, New Mexico began implementing vaccines for Covid-19 for certain high-risk populations, and additional populations are expected to become eligible by the spring. The New Mexico Department of Health reports that as of the first week of January 2021, 325 thousand New Mexicans, or about one in seven people in the state, have now registered for the vaccine, and the department is encouraging more people to sign up.[2]

As vaccine implementation continues, pent-up demand for restaurant dining could drive up food services spending during the months of March to June in which this deduction is applicable. IHS Markit projects U.S. consumer spending on food services in the second quarter of 2021 will be 10 percent below that of same quarter in 2019; however, some state have looser restrictions on restaurant dining than others.[3] The fiscal impact estimate for this bill assumes food services receipts for those months will be about 20 percent below the prior year; however, if food services receipts were flat or down 5 percent, this would increase the total cost of the temporary deduction by $15 million to $25 million.

Hold Harmless Distribution to Local Governments. The bill requires the state to distribute to local governments the amount of revenue lost by the new temporary GRT deduction. Based on the above estimate, this distribution will be cost to the general fund of about $40 million.

Appropriation to TRD. The appropriation of $300 thousand to TRD contained in this bill is a nonrecurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY22 shall revert to the general fund.

SIGNIFICANT ISSUES

Beneficiaries of the New PIT Rebate. Only claimants of the state's WFTC would qualify for this bill's $600 tax rebate. The WFTC applies to those claiming the federal earned income tax credit, which requires claimants to have earned income through wages, self-employment, gig economy

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[2] https://www.krqe.com/health/coronavirus-new-mexico/new-mexico-moves-into-next-phase-of-covid-19-vaccinations-releases-distribution-plan/

[3] IHS Markit, U.S. Economic Outlook, January 2021

work, nontaxable combat pay, or certain disability benefits received before retirement age. Earned income for the purpose of the federal credit does not include social security benefits, pensions or annuities, or unemployment benefits. Claimants must also have a valid social security number, be a U.S. citizen or a resident alien all year, and cannot file their taxes as married filing separately. Earned income requirements for the federal credit range from $15.8 thousand to $56.8 thousand depending on the filing status and number of dependents.

Notably, while the definition of earned income does not apply to unemployment benefits, an individual could have earned income prior to losing their job during the pandemic, and could therefore qualify for the WFTC (and this bill's new PIT rebate) based on that earned income, even if they received unemployment benefits during 2020.

TRD provides the following policy discussion regarding the income tax rebate:

> "The negative impact of the pandemic has been disproportionately felt by low income earners. The employment rate among the lowest wage quartile of New Mexicans fell by over 35 percent in April 2020 compared to the January 2020 level, and even as of October 22, 2020, it was still 19 percent lower than the January 2020 level[4]. In contrast, employment rates among middle and high wage earners fell significantly less and recovered faster, to be only 3 percent to 4 percent below the January 2020 levels, in October 2020.
>
> The income tax rebate proposed in this legislation is directed towards low income New Mexicans who have been the hardest hit by this pandemic. Economic theory suggests that a well-timed, temporary, and targeted fiscal stimulus can raise economic output and income in the short run, while minimizing long run costs[5]. Given that the proposed one-time rebate will be made available to the households that are most likely to spend the rebate money[6] due to liquidity constraints imposed on them by the pandemic, at a time when the economy is still likely to be performing below potential, it is possible that the rebate will aid in the state's short run recovery from the pandemic by increasing consumption.
>
> There are also multiplier effects of a rebate such as this on the economy. Fiscal multiplier of a policy is the change in economic output achieved because of each dollar spent for that policy. The magnitude of the fiscal multiplier, however, is debatable and a consensus among economists doesn't exist[7]. Although the policy is targeted towards the most negatively impacted by the pandemic, empirical evidence shows that even the most liquidity constrained households will not use the rebate for current consumption but to pay off debt and improve their future liquidity position[8]. This behavior would reduce the

[4] Source: tracktherecovery.org

[5] Elmendorf, Douglas W. and Jason Furman. 2008. "If, When, How: A Primer on Fiscal Stimulus." Hamilton Project Strategy Paper. Washington, D.C. Brookings Institute

[6] Johnson, David S., Jonathan A. Parker, and Nicholas S. Souleles. 2006. "Household Expenditure and the Income Tax Rebates of 2001." American Economic Review 96(5): 1589–610.

[7] Whalen, Charles, and Felix Reichling. 2015. "The Fiscal Multiplier and Economic Policy Analysis in the United States." Working Paper 2015-2. Washington, DC: Congressional Budget Office.

[8] Matthew D. Shapiro & Joel Slemrod, 2009. "Did the 2008 Tax Rebates Stimulate Spending?," American Economic Review, American Economic Association, vol. 99(2), pages 374-79, May.

magnitude of any economic boost the rebate was to have in the short run, but make lower income New Mexicans more financially resilient.

Current statutory requirements for TRD to intercept tax refunds will offset the rebates to some taxpayers who have outstanding debts and obligations. Although taxpayers whose refunds/rebates are intercepted will not directly receive the financial benefit, their outstanding debt will be reduced and, in the case of child support, the beneficiary custodial parties will benefit from receiving additional child support owed to them.

Potential Cliff Effects of the PIT Credit. TRD states rebates based on income thresholds can create cliff effects - sudden increases in tax liability as income rises. As a result, two taxpayers under identical economic circumstances may face very different tax liability depending on which side of the income threshold they fall in. Such cliff effects raise both equity and efficiency concerns because they have the potential to penalize tax payers and disincentivize efforts to move up the income ladder. TRD notes it is imperative to ensure that legislations such as this one do not make a taxpayer worse off post-tax simply because of higher pre-tax earnings.

Beneficiaries of the Temporary GRT Deduction. By providing a temporary GRT deduction for certain food service establishments, this bill could provide relief to either the business or the consumers of those food services, depending on whether the businesses continue to collect the amount of the tax from the customer. If the business continues to charge the amount of the tax in price of the service, the business benefits by being able to keep that amount rather than owing it to the state. If the business decides not to collect the amount of the tax since it is not owed during that time, the customer would benefit from a lower overall price of the service.

TRD provides the following policy analysis regarding the deduction:

"The negative economic impacts of Covid-19 are extensive, and the food establishment industry has experienced significant revenue losses. Because Covid-19 is highly transmissible through air, indoor congregate activities such as indoor dining are particularly high risk, resulting in full or partial shut downs of food service establishments. The temporary deduction for receipts for these taxpayers may provide a level of targeted relief and may improve the financial conditions and resilience for these establishments.

In effect, the bill will allow restaurants to choose to continue to charge GRT on their sales but not remit tax that would otherwise be due, thereby injecting relief into those businesses. Alternatively, some restaurants may choose to not collect the tax from consumers, passing along the savings to consumers for competitive advantage. The food service industry is labor intensive and employs a significant number of workers that often earn at or below the median wage and may be more vulnerable to layoffs. Tax relief may positively impact business retention in New Mexico and protect jobs.
The cost of the GRT deduction is solely to the general fund and keeps local governments whole. The State currently has reserves above the target level of 25 percent from which non-recurring economic relief may be provided; local governments tend to have more limited resources.

Reductions in tax revenue narrow the tax base and may lead to decreased funding for governmental services, an increase in taxes in other areas, or both. However, this deduction is only effective for a short period, and will likely have a minimal impact on the general fund."

Declines in Food Services Gross Receipts. Food services establishments experienced significant declines in taxable gross receipts (TGR) since the start of the pandemic. Opportunity Insights reports consumer spending on restaurants and hotels fell over 70 percent in April 2020 compared with January 2020[9], and spending was still down 45.5 percent as of first week of January 2021. Reports from TRD indicate taxable gross receipts for food services was down about 20 percent in the third quarter of CY20 compared with the third quarter of CY19 (see Attachments 1 and 2).

Small businesses were particularly hard-hit, with revenues from small leisure and hospitality businesses down 77.9 percent as of the end of December 2020 compared with January 2020 (see Attachment 3).

PERFORMANCE IMPLICATIONS

The LFC tax policy of accountability is not met since TRD is not required in the bill to report to an interim legislative committee regarding the data compiled from the reports from taxpayers taking the credit or deduction and other information to determine whether the credit or deduction is meeting its purpose.

ADMINISTRATIVE IMPLICATIONS

PIT Rebate. TRD states that by basing the eligibility of the PIT rebate on criteria included on a PIT return - AGI and receiving the WFTC – this bill provides an efficient way for TRD to issue the proposed rebates. TRD reported the department will incur staff workload costs to communicate to taxpayers on the rebate and to process the rebates and mailing costs for non-electronic issued rebates. Taxpayer burden will be low; TRD will process the rebates automatically following a taxpayer filing their 2020 tax return properly, including the WFTC. TRD states no additional taxpayer application will be required.

Temporary GRT Deduction. Because taxpayer filer kits for combined reporting system (CRS), which include GRT, have already been mailed out to taxpayers, the implementation of a new separately stated deduction for GRT will require communication via mail or press release or both to reach impacted taxpayers.

The bill will require changes to GenTax, the tax system of record. TRD's Information and Technology Division (ITD) states it will require $130 thousand in contractual service costs to complete the system changes. TRD estimates $20 thousand in staff workload costs and material. These costs will be paid using the nonrecurring appropriation to TRD contained in the bill.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

Relates to the General Appropriation Act of 2021 (HB2) insofar as the cost of this bill could affect other nonrecurring appropriations currently in HB2.

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[9] https://tracktherecovery.org/ (also see Attachment 3 of this FIR)

TECHNICAL ISSUES

Section 3, page 4, line 24 references “restaurant or bar” for the GRT deduction; however, line 22 applies the deduction to receipts from a “food and beverage establishment” that is later defined on page 5. The reference on page 4 to “restaurant or bar” on page 4, line 24 should be stricken and replaced with “food and beverage establishment”. *[Note, the SFC amendment to this bill addresses this issue. However, bars are not included in the definition of “food and beverage establishment” and will need to be added in another amendment if bars are intended to be an allowable claimant of the deduction.]*

On page 2, lines 8 through 10, the bill states the rebate “may be deducted from the taxpayer’s New Mexico income tax liability.” TRD suggests that the bill clarify tax year 2020 income tax liability.

TRD suggests adding language to the bill to specify that in the event of an amended PIT return where the taxpayer is deemed ineligible for the WFTC, that TRD will not rescind the rebate; without that language, TRD believes it would be required to rescind the rebate. TRD also suggests parallel language that if the taxpayer files an amended return where the AGI then exceeds the $31,200 threshold, that TRD will not rescind the rebate.

TRD suggests adding language to clarify an expiration date to stop issuing refunds.

On page 4, subsection A, line 21 and 22 states “Beginning March 1, 2021 and prior to July 1, 2021” receipts by defined businesses and produced may be deducted from gross receipts. TRD suggests tightening the language to clarify that the following filing periods: March 2021; April 2021; May 2021 and June 2021, are the only filing period where the GRT deduction may be claimed.

OTHER SUBSTANTIVE ISSUES

Existing Stimulus. A variety of existing federal initiatives have targeted pandemic relief for individuals and small businesses. In December 2020, Congress approved an additional $900 billion relief package that included $600 stimulus checks to individuals, an additional $13 billion for the Supplemental Nutrition Assistance program, $10 billion for child care assistance, and roughly $284 billion in forgivable Paycheck Protection Program loans. This occurred on top of the previous Coronavirus Aid, Relief, and Economic Security (CARES) Act that provided nearly 22 thousand business with $2.2 billion in forgiveable loans to encourage keeping employees on the payrolls.[10] Assuming an apportionment to 0.5 percent to New Mexico, this could mean another $1.2 billion in forgiveable loans for the state’s small businesses.

Additionally, existing state initiatives include the State Investment Council’s $100 million New Mexico recovery loan fund that provides low-interest rate loans, the Small Business Recovery Act of 2020 that was passed in the June 2020 special session, and the Economic Development Department’s no-interest Local Economic Development Act (LEDA) loans and Covid-19 Emergency Loan Guarantee Program.

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[10] Economic Development Department, presentation to the Economic and Rural Development Committee, August 3, 2020.

Filings for the GRT Deduction. The food service deduction may only be taken for the months from March to June 2021; determining that the deduction was taken appropriately in only these periods could be difficult for taxpayers that report quarterly or semi-annually. These taxpayers will be reporting a deduction that is only available for part of the filing period. The taxpayer may accidentally report more receipts than were allowed and without auditing these taxpayers, TRD would have difficulty determining if the deductions were taken correctly.

POSSIBLE QUESTIONS

The bill does not contain a purpose statement; however, it appears targeted to provide relief to low-income individuals and certain food service establishments affected by the Covid-19 pandemic. Legislative members may ask whether this bill's proposed $600 income tax rebate and proposed temporary GRT deduction as currently structured are the most efficient and effective methods to achieve the desired results.

Does the bill meet the Legislative Finance Committee tax policy principles?

1. **Adequacy**: Revenue should be adequate to fund needed government services.
2. **Efficiency**: Tax base should be as broad as possible and avoid excess reliance on one tax.
3. **Equity**: Different taxpayers should be treated fairly.
4. **Simplicity**: Collection should be simple and easily understood.
5. **Accountability**: Preferences should be easy to monitor and evaluate

Does the bill meet the Legislative Finance Committee tax expenditure policy principles?

1. **Vetted**: The proposed new or expanded tax expenditure was vetted through interim legislative committees, such as LFC and the Revenue Stabilization and Tax Policy Committee, to review fiscal, legal, and general policy parameters.
2. **Targeted**: The tax expenditure has a clearly stated purpose, long-term goals, and measurable annual targets designed to mark progress toward the goals.
3. **Transparent**: The tax expenditure requires at least annual reporting by the recipients, the Taxation and Revenue Department, and other relevant agencies.
4. **Accountable**: The required reporting allows for analysis by members of the public to determine progress toward annual targets and determination of effectiveness and efficiency. The tax expenditure is set to expire unless legislative action is taken to review the tax expenditure and extend the expiration date.
5. **Effective**: The tax expenditure fulfills the stated purpose. If the tax expenditure is designed to alter behavior – for example, economic development incentives intended to increase economic growth – there are indicators the recipients would not have performed the desired actions "but for" the existence of the tax expenditure.
6. **Efficient:** The tax expenditure is the most cost-effective way to achieve the desired results.

LFC Tax Expenditure Policy Principle	Met?	Comments
Vetted	⁄	This proposal was not heard at interim meetings of LFC or RSTP; however, LFC staff and TRD staff were consulted during the development of this bill.
Targeted		This bill does not contain a purpose statement; however, it seems to target tax relief for low-income individuals and food service establishments affected by the Covid-19 pandemic.
Clearly stated purpose	✗	
Long-term goals	✗	
Measurable targets	✗	
Transparent	⁄	Income tax credits are separately reported, making it easier for TRD to determine the number of claimants and total cost to the state. The bill also requires the GRT deduction to be separately reported. However, no reporting to interim legislative committees is required.
Accountable		
Public analysis	✗	No reporting to interim committees is required; however, the income tax credit and GRT deduction are separately reported, making it easier for the department to determine the number of claimants and total cost to the state.
Expiration date	✓	The income tax rebate is limited to tax year 2020, and the GRT deduction applies to receipts from March 1, 2021 to June 30, 2021.
Effective		The bill does not require reporting to interim committees. While TRD may include information on the number of claimants and total cost of the income tax rebate and GRT deduction in its annual Tax Expenditure Report, this information alone would be insufficient to determine whether the programs are meeting their intended purposes or whether this form of tax relief is the most efficient way to achieve the desired results.
Fulfills stated purpose	?	
Passes “but for” test	?	
Efficient	?	
Key: ✓ Met ✗ Not Met ? Unclear ⁄ Partial		

DI/al/rl/sb

ATTACHMENT 1

Matched Taxable Gross Receipts by Industry FY21 thru November 2020			
Industry	**Matched Taxable Gross Receipts**	**Year-over-Year Growth**	**Year-over-Year Change**
Accommodation and Food Services	$1,603,802,141	-$445,859,352	-21.8%
Administrative/Support & Waste Management/Remediation	$1,401,212,582	$180,210,991	14.8%
Agriculture, Forestry, Fishing, and Hunting	$58,764,974	-$1,918,870	-3.2%
Arts, Entertainment, and Recreation	$66,217,738	-$88,360,608	-57.2%
Construction	$3,434,343,114	-$358,589,701	-9.5%
Educational Services	$123,631,822	-$7,197,400	-5.5%
Finance and Insurance	$169,094,963	$5,099,660	3.1%
Health Care and Social Assistance	$1,605,044,901	$201,425,717	14.4%
Information	$806,372,647	-$363,112,992	-31.0%
Management of Companies and Enterprises	$16,492,469	-$345,998	-2.1%
Manufacturing	$736,079,782	-$118,006,603	-13.8%
Mining, Quarrying, and Oil and Gas Extraction	$1,652,331,003	-$1,349,922,977	-45.0%
Other Services (except Public Administration)	$2,122,069,915	-$430,974,014	-16.9%
Professional, Scientific, and Technical Services	$2,792,649,362	-$33,280,381	-1.2%
Public Administration	$94,440,471	-$1,991,784	-2.1%
Real Estate and Rental and Leasing	$683,055,874	-$135,600,752	-16.6%
Retail Trade	$6,436,877,877	$329,017,698	5.4%
Transportation and Warehousing	$274,088,244	-$139,649,401	-33.8%
Unclassified Establishments	$414,711,461	$102,406,678	32.8%
Utilities	$1,242,535,107	$30,851,656	2.5%
Wholesale Trade	$1,071,596,466	-$393,289,794	-26.8%
Total	**$26,805,412,912**	**-$3,019,088,228**	**-10.1%**

Source: Taxation and Revenue Department, RP-500

Note: table reflects taxable gross receipts matched to tax payments, which are more representative of overall economic activity in the state compared with other tax data.

ATTACHMENT 2

Food Services Taxable Gross Receipts and Gross Taxes Paid (State and Local)
Quarter 3 2020 vs. Quarter 3 2019

NAICS Description	2019 Quarter 3 (Aug, Sep, Oct Collections)		2020 Quarter 3 (Aug, Sep, Oct Collections)		Taxable Gross Receipts - Year Over Year	
	Taxable Gross Receipts	Gross Tax Paid (State and Local)	Taxable Gross Receipts	Gross Tax Paid (State and Local)	Amount	Percent
722 - Food Services and Drinking Places (USA/CAN/MEX)	$ 46,876,872	$ 3,706,125	$ 31,821,352	$ 2,534,863	$ (15,055,520)	-32.1%
7223 - Special Food Services (USA/CAN/MEX)	$ 72,776,474	$ 4,791,538	$ 28,485,609	$ 2,148,979	$ (44,290,866)	-60.9%
72231 - Food Service Contractors (USA/CAN/MEX)	$ 29,000	$ 2,357	$ 72,196	$ 5,892	$ 43,196	149.0%
722310 - Food Service Contractors	$ 2,114,781	$ 167,152	$ 1,346,875	$ 101,554	$ (767,906)	-36.3%
72232 - Caterers (USA/CAN/MEX)	$ 342,192	$ 26,926	$ 218,850	$ 16,918	$ (123,342)	-36.0%
722320 - Caterers	$ 627,436	$ 47,936	$ 400,964	$ 31,775	$ (226,472)	-36.1%
72233 - Mobile Food Services (USA/CAN/MEX)	$ 922,773	$ 69,720	$ 7,431,275	$ 589,929	$ 6,508,502	705.3%
722330 - Mobile Food Services	$ 4,448,445	$ 343,146	$ 4,919,855	$ 384,853	$ 471,411	10.6%
7224 - Drinking Places (Alcoholic Beverages) (USA/CAN/MEX)	$ 187,268	$ 14,747	$ 153,300	$ 12,072	$ (33,968)	-18.1%
72241 - Drinking Places (Alcoholic Beverages) (USA/CAN/MEX)	$ 65,834	$ 4,854	$ 75,816	$ 5,614	$ 9,982	15.2%
722410 - Drinking Places (Alcoholic Beverages)	$ 38,015,617	$ 2,939,213	$ 23,119,117	$ 1,714,112	$ (14,896,500)	-39.2%
7225 - Restaurants and Other Eating Places (USA/CAN/MEX)	$ 8,968,091	$ 698,804	$ 9,515,428	$ 745,103	$ 547,338	6.1%
72251 - Restaurants and Other Eating Places (USA/CAN/MEX)	$ 16,581,743	$ 1,313,400	$ 10,040,489	$ 792,767	$ (6,541,254)	-39.4%
722511 - Full-Service Restaurants	$ 673,195,495	$ 53,468,645	$ 515,166,494	$ 40,989,128	$ (158,029,001)	-23.5%
722512 - Limited-service eating places	$ 153,189,537	$ 12,068,720	$ 153,799,942	$ 12,201,570	$ 610,405	0.4%
722513 - Limited-Service Restaurants	$ 83,707,355	$ 6,649,099	$ 96,870,886	$ 7,738,369	$ 13,163,530	15.7%
722514 - Cafeterias, Grill Buffets, and Buffets	$ 3,627,755	$ 288,223	$ 1,141,738	$ 92,026	$ (2,486,018)	-68.5%
722515 - Snack and Nonalcoholic Beverage Bars	$ 3,305,674	$ 261,263	$ 4,446,029	$ 350,533	$ 1,140,355	34.5%
Total Food Services	$ 1,108,982,341	$ 86,861,870	$ 889,026,213	$ 70,456,057	$ (219,956,128)	-19.8%

Source: Taxation and Revenue Department, RP-80

ATTACHMENT 3

Percent Change in New Mexico Consumer Spending and Small Business Revenue